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CHINA

The party's left wing appears to be making a determined effort to forestall the formal designation of Teng Hsiao-ping as premier. The leftist attack is also aimed at discrediting other officials who will play an important role in the post-Chou En-lai succession process, especially those who were rehabilitated in the last few years and are closely identified with Teng.

The vehicle of the leftist offensive is a debate over educational policy and personal attacks on the minister of education. An article in *People's Daily* on February 6 criticizes those who want to raise educational standards in the universities—a veiled reference to the education minister, himself a rehabilitated official—but concentrates its fire on the “capitalist roaders inside the party” who were “exposed” during the Cultural Revolution but have failed to change their views. The frequent references to “capitalist roaders” in the party have particular significance for Teng Hsiao-ping, who was branded during the Cultural Revolution as “the number-two man in the party taking the capitalist road.” The article acknowledges that such people are currently “in power” and are trying to reverse the policies of the Cultural Revolution.

In the context of the education debate, the party reportedly has forbidden attacks by name on any official higher than the education minister, who does not himself hold a top party position. The *People's Daily* article, however, and an earlier article that attacked unnamed officials overthrown during the Cultural Revolution but now back in power strongly suggest that the ultimate target is Teng Hsiao-ping. The party's left wing opposed Teng's rehabilitation in 1973 and has taken occasional propaganda slaps at him ever since.

Since Chou En-lai's death on January 8, there have been signs that leadership meetings have been held in Peking, presumably to confirm Teng as the new premier and perhaps to fill other party positions left vacant by the deaths of two other top party officials. Although it is not certain whether the meetings are still in progress or whether any firm decisions have yet been reached, there has been no announcement of a new premier and Teng has not appeared in public since Chou En-lai's funeral on January 15.

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The recent propaganda attack on party officials now in power, the strongest such attack since the Cultural Revolution, does not necessarily mean that Teng will be denied the premiership. It could be a last-minute act of desperation by the party's left wing. It signifies, in any case, the divisions within the party leadership with which Teng will have to contend.

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ITALY

The Christian Democrats are insisting that Aldo Moro line up more solid parliamentary backing for its proposed economic program before forming a one-party caretaker cabinet.

When the Christian Democrats earlier offered to form a cabinet on their own they said they would do so only if Moro could persuade the three center-left parties to vote in favor of a package of emergency economic measures. Moro extracted such a pledge from the Social Democrats, but the Socialists and Republicans offered only to abstain. The abstentions, however, would have permitted the Christian Democrats to win a confidence vote on their proposed government and to pass their economic program.

In announcing its decision yesterday, the Christian Democratic directorate cited the fact that the Socialist and Republican offers of abstention did not measure up to the direct support the Christian Democrats had called for. The Christian Democrats were badly divided over whether to form a government in these circumstances. Conservatives in the party insisted that to do so would have left the Christian Democrats exposed to criticism if the government's actions failed to improve the economic situation.

The Christian Democrats have asked Moro to try again to persuade at least the Republicans to vote in favor of the economic package. The Christian Democrats are apparently still willing to form a government if he succeeds.

If Moro fails, the Christian Democrats may ask another member of the party to try to form a government. Budget Minister Andreotti has been trying to position himself to take over for Moro.

Some Christian Democrats, however, will push for early parliamentary elections.

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SPAIN

Spanish Prime Minister Arias has taken the first important step to implement his promises to liberalize the political system.

The cabinet yesterday adopted a decree law revising the earlier law on prevention of terrorism. The use of a decree law will avoid debate in the Cortes. The revision evidently repeals some of the harsh measures adopted last year to control a wave of terrorist acts and killing of policemen by Basque separatists and a dissident communist group. They used terrorism to dramatize their opposition to the Franco regime.

The cabinet also approved a draft law on the right of assembly, which will require only notification to the police and not permission as before for more than 20 persons to assemble. The law excludes, however, communists, terrorists, anarchists, and separatist groups. This law will have to be approved by the conservative Cortes. The government evidently decided to test the reaction of the ultra-rightists to these laws before doing more to liberalize the system.

The opposition groups will be disappointed that the cabinet did not also announce action to grant amnesty to the remaining political prisoners not covered by King Juan Carlos' earlier pardon, or to legalize political parties.

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GREECE-TURKEY

Greek and Turkish negotiators concluded three days of talks this week without making any progress on the Aegean continental shelf dispute.

At issue is Ankara's claim that, despite the proximity of many Greek islands to the Turkish Aegean coast, Turkey is entitled to a substantial share of the seabed between the two countries. The Greeks maintain that most of the continental shelf should remain theirs and are loath even to admit that the Turks have a legitimate claim.

The talks this week, which were held in Bern, began only after several months of haggling over an agenda. Athens had insisted that the meeting deal solely with formulating the terms of reference under which the dispute would be submitted to the International Court of Justice, in line with the agreement in principle worked out with the Turks in early 1975. The Turks—who subsequently decided that they would be unlikely to get a favorable decision from the Court—have insisted that in 1975 the two sides agreed to settle as much as possible in bilateral talks and only then, if at all, refer the matter to The Hague.

Agreement to hold the talks was finally reached when the Greeks offered to consider any Turkish proposal that might narrow the differences before considering how to approach the Court.

A Greek Foreign Ministry official has asserted that the Turks were uncooperative in Bern and questioned whether they wished to settle the problem. Turkish Foreign Minister Caglayangil described the meeting as a "beginning." There reportedly are no plans at this time for future meetings.

The collapse last month of talks on Aegean air space problems, combined with the lack of success in Bern, cast doubt whether anything will come of current efforts to move toward a Cyprus settlement.

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YUGOSLAVIA

The Yugoslav party's powerful executive committee, which met on Thursday, ordered a major housecleaning campaign and another round of constitutional reforms.

Stane Dolanc, secretary of the executive committee and Tito's number-two man in the party, interrupted a week's stay on the Adriatic coast to chair the meeting in Belgrade.

Press accounts indicate that the assembled leaders ordered a series of actions intended to eliminate from the party ranks all communists who are incompetent, corrupt, or politically unreliable. The "action program" will apparently be built around reestablishment of a central clearing house for party personnel matters. This device for monitoring the grassroots membership was abandoned in the late 1960s because of abuse by ambitious politicians.

The announcement also said that the leadership discussed a proposal for further constitutional changes. The 1974 constitution is so vague that it has created serious problems for Yugoslav administrators.

The leaders may also want to refine the succession mechanism. Tito's current health problems would provide sufficient cause for clarifying the roles of the collective state presidency and the party hierarchy in the post-Tito era.

The executive committee carefully stressed that its initiative stems from complaints about weaknesses in the party that Tito expressed in a lengthy interview, presumably given before his current illness.

Mirko Popovic, an executive committee member, stated on Thursday that party house-cleaning will augment the current vigilance campaign against hostile elements—especially against pro-Soviet subversives. He specifically said that individuals inclined toward Stalinism must be "subjected to the due attention of the party."



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JORDAN

Parliamentary elections scheduled for next month have been postponed. King Husayn wants to avoid having to eliminate West Bank representation in parliament. He hopes thereby to retain some claim to the Israeli-occupied West Bank without appearing to violate the 1974 Rabat summit conference decision designating the Palestine Liberation Organization as the agent for recovering the West Bank.

Husayn dissolved Jordan's old parliament, which represented both the East and West Banks, after the Rabat summit.

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Under the constitution, unless new elections were held before late March, the old parliament would automatically reconvene. Husayn reconvened it on February 5 so it could amend the constitution to allow him to postpone the elections indefinitely.

Although Husayn's purpose is to maintain his credentials as a possible negotiator on the West Bank issue, publicly he has justified his decision to postpone elections as a means of avoiding giving legitimacy to upcoming Israeli-sponsored municipal elections on the West Bank.

Husayn told Ambassador Pickering that the postponement was cleared with the Syrians and the Saudis. PLO spokesmen predictably characterized the postponement as a violation of the Rabat decision and as an attempt to eliminate the gains achieved by the PLO as the sole legitimate representative of the Palestinians.

Husayn speculated that the Egyptians might attempt to use the issue to embarrass the Jordanians, given the present strains between Cairo and Amman. He noted, however, that Cairo privately had urged the Jordanians to conclude a West Bank disengagement agreement with Israel.

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IRAN

The record \$45 billion spending called for in Iran's budget for the year beginning March 21 must be scaled down if the Shah is to avoid considerably more borrowing than is now projected.

The new budget calls for revenues of \$42.6 billion and borrowing of \$1.1 billion abroad and presumably \$1.3 billion domestically. Oil sales are slated to provide \$21.7 billion, roughly half of the revenues. Actual earnings from oil, however, are likely to fall some \$2 billion short of the budget estimate, even assuming a pickup in the currently depressed demand for oil and a price increase in July.

Other revenues of about \$21 billion were not specified, but undoubtedly include a sharp increase in taxes. More rigid enforcement of Iran's tax administration will be required to produce the additional income. Unless the spending estimates are curbed, however, the budget deficit could easily top \$4 billion.

Some cut in expenditures would seem to be in order in a budget which, on a per capita basis, now approaches that of the US. The projected 25-percent increase in spending compares with only 18 percent last year. In trimming expenditures, Tehran probably will focus on the non-defense sectors, having limited defense outlays of \$8.4 billion to a modest 8-percent increase. Another likely candidate for cuts will be foreign loans, investments, and aid, now projected at \$2.3 billion.

Borrowing beyond the projected \$2.4 billion probably would be unacceptable to Iran. With inflation posing problems, Tehran would be reluctant to increase domestic borrowing beyond \$1.3 billion—already about nine times higher than in last year's budget.

Although Iran's foreign credit is good, the Shah probably will be unwilling to weaken Tehran's position by exceptionally heavy borrowing in any one year. The decision to borrow even \$1.1 billion abroad probably was taken reluctantly. It will negate the efforts of the Shah's recent practice of prepaying foreign loan installments.

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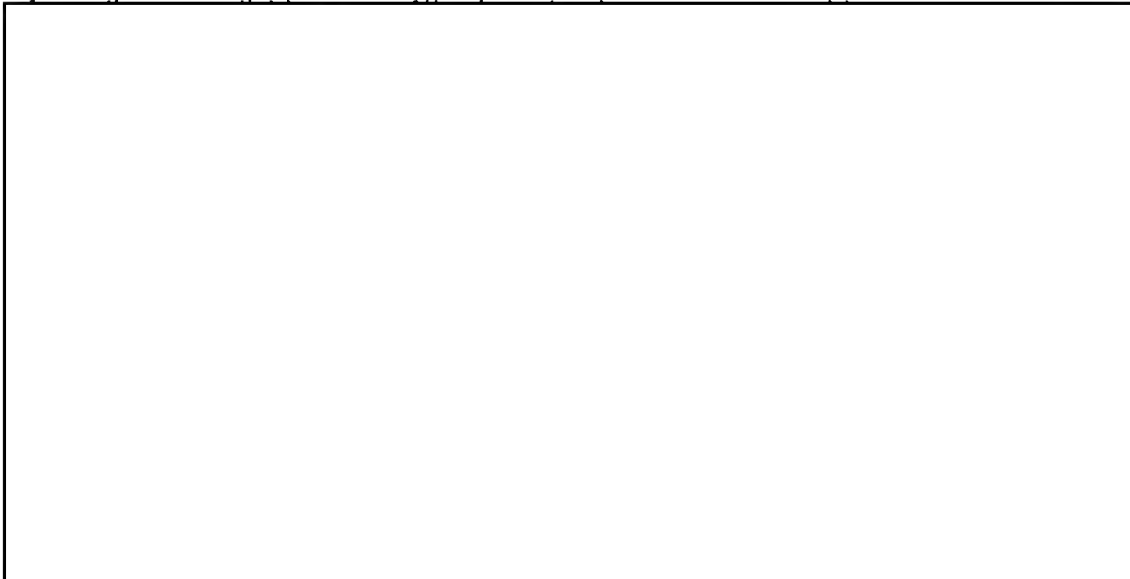
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NIGERIA

A Nigerian air force C-130 transport earlier this week delivered a cargo of ammunition and small arms to Luanda, according to the US air attache in Lagos. The Nigerians reportedly have set aside sufficient military supplies in Lagos for 8 to 10 more C-130 flights.

This is the first evidence of any military aid from Nigeria to the Popular Movement regime. Lagos has already provided some \$20 million in economic aid.

The deliveries are probably related to a tentative broad aid agreement reportedly worked out by a Nigerian delegation that visited Luanda late last month.



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Further discussion on the reported agreement may be taking place in Luanda. The chief of staff of the Nigerian armed forces has been there this week participating in celebrations marking the 15th anniversary of the beginning of the Popular Movement's armed struggle against the Portuguese.

The new agreement underscores Nigeria's strong commitment to the Popular Movement. With the projected new aid, Lagos may also be trying to show the Popular Movement that it can count on other sources of assistance and does not have to look exclusively to the Soviet Union and Cuba. The Nigerians view the extensive Soviet and Cuban role in Angola as a necessary expedient, but are concerned that the Luanda regime find itself so dependent on Moscow and Havana that its freedom of action is circumscribed.

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PAKISTAN

Prime Minister Bhutto's cabinet reshuffle on February 5, the second major change since he assumed power in December 1971, resulted in several shifts in senior military positions. He retained the Defense and Foreign Affairs portfolios and made appointments to the new joint chiefs of staff organization.

Army Chief of Staff General Tikka Khan was appointed Special Assistant to the Prime Minister for National Security with cabinet rank. He will retire from the military on March 1, and will be replaced by Lieutenant General Mohammad Ziaul Haq, II Corps commander. The Prime Minister also appointed Lieutenant General Mohammad Sharif, IV Corps commander, as chairman of the Joint Chiefs of Staff, a new position established last December. The chairman of the Defense Production Board was also dismissed.

The overall reorganization of the senior defense staff, under consideration for at least a year, had been expected somewhat earlier. It is intended to correct serious command-and-control deficiencies uncovered during the 1971 war with India.

General Sharif's appointment as Joint Chiefs of Staff chairman, the promotions of the appointees on March 1, and the recent elevation of the navy and air force chiefs—all to four-star rank—will provide an appearance of greater balance among the service chiefs. It could also signal the end of army dominance, at least in theory, in military procurement and production in Pakistan. The firing of the defense board chairman, without naming a replacement, indicates that defense production probably will now be coordinated within the Joint Chiefs of Staff structure.

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JAPAN

The Japan Communist Party (JCP) will react cautiously to overtures from Moscow for better relations.

The Soviets recently invited the JCP to attend their party's 25th congress later this month, and two Soviet Central Committee members arrived in Tokyo on February 3 to discuss "unresolved issues between the two parties." Top Japanese party officials reportedly have decided to attend the congress and to adopt a "cool but correct" posture.

Relations between the two parties have been poor since the early 1960s when Moscow threw its support to a pro-Soviet splinter group that had been purged from the Japan Communist Party. JCP officials attended the last Soviet party congress in 1971, but no improvement in relations resulted. Several other attempts at rapprochement also failed.

Since late 1975, however, Japanese communist propaganda attacks against both the Soviet and Chinese communist parties have declined sharply, and JCP leaders have hinted that better relations with both parties are possible if the Soviets and Chinese are willing to take the initiative.

Soviet interest in a rapprochement stems in part from Moscow's desire to have the Japanese party attend the 25th congress. Moscow's renewed interest in the Japanese may also relate to their party's increased contacts with important West European communist parties during the past year.

The Japanese Communists clearly do not wish to go too far in accommodating Moscow. Their independence of both Moscow and Peking has been an important factor in the party's electoral gains over the past decade. Although relatively small, it is now the third largest party in the Diet. Basic ideological differences, unhappiness over previous Soviet "condescension," and the possibility of improved relations with Peking will also inhibit JCP dealings with the Soviets. Even if Japanese and Soviet party relations are reestablished, they will be reserved at best.

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